

11/19/77

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THE PRESIDENT'S SCHEDULE

Saturday - November 19, 1977

9:00 Dr. Zbigniew Brzezinski - The Oval Office.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

November 19, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson
POLICY ON BLACK UNEMPLOYMENT

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

Stu
F

November 18, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BILL SPRING *WS*

SUBJECT: Policy on Black Unemployment

This memorandum is to give you a status report on Secretary Marshall's suggestions of September 9 and other administration efforts to combat high levels of black and especially black youth unemployment.

I. Present Actions:

- The CETA buildup toward 725,000 jobs by March 1978 continues (550,000 hired as of October 28). The expansion of the program since the spring has targetted jobs on those who are on welfare or unemployed for 15 weeks and with incomes under \$6,700. The percentage of blacks hired is about 34% compared to 24% under the previous CETA jobs program.
- The Youth Employment and Demonstration Projects Act authorized a \$1.5 billion program; one billion has been appropriated. We requested the other \$500 million from Congress this fall, but the funds were not included in the supplemental appropriation. Hiring for the conservation camp part of the program began early this month. A total of about 160,000 and 200,000 jobs or training positions are expected by the end of fiscal 1978. More than half the participants are expected to be black.

II. Secretary Marshall's September Proposals:

On September 12, as part of the weekly summary of departmental activities, Secretary Marshall asked your approval of three specific actions. Those requests and their current status are summarized below:

-2-

1. Request the \$500 million authorized but unappropriated funds for the Youth Employment and Demonstrations Project Act.

The request was made of the Congress for inclusion in this fall's supplemental appropriation. It was postponed by the Senate subcommittee because they were not convinced that the additional \$500 million could be spent during this fiscal year. We must make a new request in January. It could then be appropriated by March. A maximum outlay in 1978 of \$100 million might result.

2. Request from Congress an additional \$1.2 billion for CETA jobs.

These funds would have enabled the CETA build-up to continue above the 725,000 level we expect to reach in March of 1977. We believe that the level of CETA jobs in fiscal year 1979 ought to be determined as part of the overall economic policymaking process including stimulus, urban policy, youth policy and CETA jobs.

3. Welfare Reform

Secretary Marshall asked for a supplemental request of \$255 million for FY 1977 for demonstration projects to test the jobs component of welfare reform. The request for the supplemental was subsequently withdrawn by the Department. OMB is recommending \$200 million for FY 79 outlays for welfare demonstration projects.

III. Analysis of Black Youth Unemployment

An analysis of the black youth unemployment has been going forward intensively since September. It has been conducted jointly by DPS, CEA, and OMB staff, with the participation of the Departments of Labor, Commerce, Treasury, and HEW.

Attached you will find the executive summary of the findings of the 61 page report. In brief the report states:

1. Black teenage unemployment has been growing worse fairly steadily since 1956. Unemployment rates are

*all discussed
re FY 79
budget*

somewhat deceptive since they mask those who are not seeking jobs and therefore are not counted as members of the labor force. If the employment rates of total black and white teenage (16-19) populations are compared over time the differences are stark:

	<u>1956</u>	<u>1974</u>
Prime Age Male Unemployment	3.0	3.1
White Teenage Employment	46.1	49.4
Black Teenage Employment	39.6	27.1

2. The number of unemployed black teenagers - 372,000 in mid-1977 - masks a much greater number who want jobs but are not now participating in the labor force. To bring black teenage participation as well as unemployment rates in line with white would require an additional 718,000 jobs for blacks.
3. Since 1974 white teenage unemployment has risen by 1.9% (September 77); for blacks it has risen by 5.5% to 37.4% (also September).
4. Black teenagers are concentrated in central cities (54% of blacks vs. 22% whites), but the unemployment rate of blacks are as high relative to whites in suburban areas.
5. Increases in aggregate demand will help, but by no means solve the problem.
6. Raising the minimum wage costs some youth jobs but not enough to explain the problem.
7. Federal youth programs are already pretty well targetted on blacks and other minorities. CETA program enrollments are 25 to 50 percent black. The Youth Employment Demonstration Projects Act enrollment is expected to be somewhat more than 50% non-white.

IV. Options and Procedures

1. Youth Employment Demonstration Projects Act

We must decide at what level to continue our special programs for youth employment and training. The matter will be reviewed with you on Friday, November 18. Since grants are not yet in place, the exact number of youth jobs cannot be specified. The range will be between 150,000 and 200,000 by the end of fiscal year 1978.

2. Private Sector Initiative

We have determined, however, that a key part of our youth employment strategy must be a private sector initiative. We met last week with private industry representatives (the Chamber of Commerce, the National Association of Manufacturers, the Business Roundtable, the National Alliance of Businessmen and a representative of the small business community), Federal agencies, and Labor Representatives. Plans call for an initiative to be ready for your consideration by November 28.

*This seems to
best & most
cost effective
approach. Let's
push*

3. CETA extension

The CETA legislative authorization expires in 1978. The issues are to be discussed at the Friday, November 18 budget review.

4. Direct Job Creation will also be considered as part of the urban policy decision-making.

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Table

Unemployed Persons by Family Relationship and Presence of
Employed Family Members, 1977-III

	Unemployment Rate	Total Unemployed	Percent of Unemployed:		
			With no employed person in family	With at least one employed person in family	With at least one person in family employ- ed full time
Unemployed, Total	7.0	6,712	37	63	57
Unemployed, in families	6.9	5,837	28	72	65
Husbands	2.9	1,168	53	47	37
Wives	6.9	1,462	13	87	82
Relatives in husband/wife families	14.5	1,970	10	90	87
Women who head families	10.8	449	80	20	12
Relatives of female heads	20.5	788	34	66	52
Unemployed, not in families	7.6	875	-	-	-

Table

Percentage Distribution of Total Unemployment by Family Relationship
and Presence of Full-Time Employed Family Members for Whites and
Blacks, 1977-III

	White		Black and Other	
	No full time	At least one full time	No full time	At least one full time
Unemployed, in families:				
Husbands	11.9	6.9	9.1	3.1
Wives	3.8	20.5	4.3	9.0
Relatives in H/W families	3.3	26.9	5.7	20.6
Women who head families	4.3	0.8	11.5	1.0
Relatives of female heads	3.6	3.8	12.8	13.4
Unemployed, not in families	13.8	-	9.5	-

THE WHITE HOUSE
WASHINGTON

November 19, 1977

Rex Scouten

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The First Lady

RE: SWIMMING POOL AND FOUNTAINS

THE WHITE HOUSE
WASHINGTON

cc get Souther

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	ENROLLED BILL
	AGENCY REPORT
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	EXECUTIVE ORDER

Comments due to
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48 hours; due to
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	CLOUGH
	FALLOWS
✓	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Electrostatic Copy Made
for Preservation Purposes

November 3, 1977

*Rosalynn -
comment for
me
J*

Mr. President

The Swimming Pool, North and South Fountains, have electric heaters to permit winter operation.

Swimming Pool

The estimated electrical cost to maintain a 90° water temperature during the winter months is \$11,500. -

Recommendation: Drain pool and winterize

Approve _____ Disapprove _____.

*Keep
Covered -
Heat only
when
specifically
requested*

Fountains

The estimated electrical cost to operate the North Fountain during the winter months is \$1,500.00.

South Fountain estimate: \$5,500.00.

Recommendation: As the fountains give life and movement to the grounds during the barren winter months, I recommend they remain in operation for the benefit of the visitors to Washington.

Approve ☒ _____ Disapprove _____.

JR

*I, I approve keeping
fountains in operation
& heat swimming pool on
days.*

Rex Scouten
Rex Scouten

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson

November 17, 1977

RE:

Response to Governor Straub

Attached is a reply to Governor Straub regarding his request that you exercise your authority to restrict log exports out of Oregon. We have worked closely with the Departments of Commerce and Agriculture in framing this response.

Attachments

THE WHITE HOUSE
WASHINGTON

November 19, 1977

Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been forwarded to Stripping for appropriate handling.

Rick Hutcheson

LETTER TO GOV. STRAUB ON SOFTWOOD
LOG SUPPLY

cc: Stripping

THE WHITE HOUSE

WASHINGTON

November 19, 1977

To Governor Robert Straub

Thank you for your letter of October 31, 1977, following up on the concern you expressed to me last month about the softwood log supply situation in Oregon.

A background report on the issue is enclosed. As you will note, the price and export situation appears to be easing somewhat. Our analysts in the Departments of Commerce and Agriculture are following the situation day-by-day to detect any changes that would require use of our export control authorities. So far that has not happened, but we will continue to stay alert to the market conditions.

At my request the Agriculture Department has completed a comprehensive study on the Federal role in the conservation and management of private nonindustrial forest lands. This study analyzes private forestry programs and suggests ways to improve the capability of private forest lands to meet the Nation's need for wood. Hopefully, these efforts will help resolve the softwood supply situation. It is important that public and private forestry initiatives be coordinated.

I enjoyed very much meeting with you and the other Western Governors last month in Denver and on the flight to Los Angeles. I also appreciated your coming by to see me on October 31st and thank you for the thoughtful comments in your letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy".

Honorable Robert W. Straub
Governor of Oregon
Salem, Oregon 97310

*p.s. I would appreciate
your comments on the
attached report -*

J.C.

Background Report

SOFTWOOD LOG EXPORTS

Issue

Softwood products (lumber and plywood) were reported to be in tight supply in some regions of the United States during spring/summer 1977. According to some sources, one of the contributing factors for the tight supply situation was the shortage of raw materials (softwood logs) in the Pacific Northwest, the major U.S. softwood producing area. Opponents of log exporting have pointed to the export of softwood logs--long a controversial issue in the Pacific Northwest--as a major factor in the lack of logs for domestic processing.

Current Situation

EXPORTS

For the first 9 months of 1977, total U.S. softwood log exports were 2.3 billion board feet, valued at \$693 million, a decrease of 4 percent in quantity from exports for the like 1976 period. For the same period, softwood log exports to Japan were down 5 percent. Japan received about 83 percent of all U.S. softwood log exports for the first 9 months of 1977. Exports of softwood logs from Washington State represent about 75 percent of that total, while Oregon exports represent 20 percent. In 1976, the United States exported a total of 3.2 billion board feet of softwood logs valued at \$852 million (about 7 percent of the total U.S. harvest of softwood sawtimber).

Projections for exports of softwood logs to Japan indicate a decline for the latter half of the year. According to the Japan Foreign Timber Supply and Demand Council, Japanese requirements for imports of North American timber for the second half of 1977 show a 15 percent decrease over the same period last year. These requirements are met primarily by U.S. timber due to Canadian restrictions on the export of unprocessed logs. Excessive Japanese imports of U.S. logs in the first half of the year led to a Japanese government-sponsored effort to stabilize imports of North American timber. The excess of softwood logs in

Japan has, according to Japanese officials, weakened sawmill profit margins to such an extent that a Japanese sawmillers' group is currently attempting to reduce imports.

DOMESTIC

Demand for softwood sawtimber in the United States is directly related to the level of activity in the domestic housing construction market. The construction market uses over half of all softwood sawtimber products in the United States. For the first 9 months of 1977, housing units started were 31 percent above the same period in 1976. Starts of single family homes--which use more lumber and wood products per unit than multifamily homes--are at record levels.

While average stumpage (standing tree) prices declined during the 1974-1975 construction slump and general economic recession, stumpage price levels in 1976 were roughly 3 to 4 times greater than during 1970-1971. Log prices in 1977 continued upward because of the unusually heavy demand for softwood material by the construction industry.

As a result of a rapid rise in the price of softwood lumber and plywood during a 1976-1977, the Secretary of Housing and Urban Development, concerned over the consequent increased cost in housing, requested the Council on Wage and Price Stability to study the causes of these increases. In an interim report issued on October 21, 1977, the Council attributed the rapid rise to the strong recovery of residential housing construction. The Council found that the ability of domestic producers to adjust output to the short-run change in demand was limited by timber availability, labor, supply, and mill capacity. Timber harvests from National Forest lands in Oregon and Washington have averaged 4.6 billion board feet annually since 1970. With an estimated volume of National Forest timber under contract of 11.3 billion board feet, timber availability would not appear to be a major constraint on output of operators dependent upon National Forest timber.

Following the September peaks, the October softwood lumber and plywood wholesael price indices dropped 11.9 and 18.2 points respectively, indicating a slackening in U.S. domestic demand.

AUTHORITY TO RESTRICT LOG EXPORTS

The Secretary of Commerce has the authority to impose export controls "to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand." However, such authority may not be exercised with respect to agricultural commodities, including softwood logs, without the approval of the Secretary of Agriculture. The Secretary of Agriculture in turn may not give his approval to the exercise of such authority by the Secretary of Commerce "during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy...."



OFFICE OF THE GOVERNOR
STATE CAPITOL
SALEM 97310

October 31, 1977

*To J. Watson
Expedite reply after
consultation
J*

President Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

It was an honor to meet and discuss with you some of the timber problems that exist in my state. Oregon is the largest producer of softwood lumber in the United States and as a result, problems that affect this industry and cause prices to go up, affect housing across the nation.

Patricia Harris of HUD has said that the price per home for lumber products has increased by \$1,000 since July, and has called for an investigation.

You can help this problem by stopping log exports out of the state of Oregon. Five hundred million board feet were exported last year. Our log supply is most inadequate to supply our mills, veneer plants and plywood companies with the logs they need. Some mills have closed down; many others are unwilling to work double shifts to meet the lumber demand because of the difficulty and uncertainty of obtaining logs.

The Export Administration Act of 1969 authorizes you to restrict exports when it is determined that the domestic requirements exceed domestic supply, or when exports have a significant impact on price. Both of these conditions apply in the export of logs from the state of Oregon.

I am enclosing a report from my Legal Counsel on this subject.

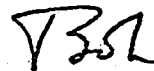
I think if exported logs are curtailed, we can encourage Japan to buy finished lumber, plywood, pre-cut housing and modular homes instead of the raw logs they now buy. This would significantly benefit our balance of trade with Japan.

President Jimmy Carter
October 31, 1977
Page 2

Finished goods have a greater value than raw logs. If we can persuade Japan to purchase finished goods, we will be exporting products of greater value. We can increase the amount of lumber available for domestic use, as well as improve our balance of trade with Japan.

I was deeply honored to have the opportunity to visit with you last week in Denver and on the flight from Denver to Los Angeles on Air Force One. Your ability to understand the broad range of interests this country faces, your warmth and integrity -- all make me proud to have you as our President.

Sincerely,

A handwritten signature in dark ink, appearing to be 'TBSL' or similar, written in a cursive style.

Governor

Enclosure

RWS:b

Governor Straub

DATE: October 28, 1977

FROM:

James M. Brown
Legal Counsel *JB*

SUBJECT:

Presidential Authority to Restrict Log Exports

SUMMARY:

1. President has the power to prohibit or curtail exportation from the U.S. except under such rules and regulations as he shall prescribe. Pub. L. 91-84 (1969). 50 App. U.S.C.A., §2403(b)(1).
2. Congress intended that the power be used to protect the domestic economy from shortfalls -- from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand.
3. Congress intended that the power be used flexibly and in anticipation of scarcity and serious inflation.
4. Secretary of Commerce should monitor log exports when the volume contributes (or may contribute) to an increase in domestic prices or a domestic shortage, and such price increase or shortage has or may have, a serious adverse impact on the economy or any sector of the economy.

ANALYSIS:

1. The Export Administration Act of 1969 (as amended) (Pub. L. 91-184) contains the following policy declaration:

"It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demands. . ."
50 App. U.S.C.A., §2402(2).

Amendments added to Pub. L. 93-500 (Export Administration Amendments of 1974) made clear the Congressional intent that it would not be necessary for foreign demand to be "abnormal" before export controls may be imposed. The Senate Report commented upon deletion of the word "abnormal" from the reference to "foreign demand":

"Under the change proposed by the Committee in this bill, it will no longer be necessary for foreign demand to be abnormal before export controls may be imposed. Instead, controls may be used when foreign demand results or will result in both an excessive drain of scarce materials and serious inflation. However, as at present, foreign demand must be a significant factor in present or prospective inflation in the economy before controls may be imposed." (1974, U.S. Code Congressional and Administrative News, p. 6234, at 6235).

2. The Senate Report on the Export Administration Amendments of 1974 emphasized the Committee's belief that the authority contained in the Export Administration Act should be used flexibly:

"[T]he Committee believes that the Executive Branch in the past has taken too rigid a view of that authority. It is not necessary that there presently be in existence a drain of scarce materials and serious domestic inflation. The Act expressly states that it is the policy of the United States to use export controls 'to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand. . . .' Accordingly, it is not necessary that the economy actually be damaged before action can be taken." (1974 U.S. Code Congressional and Administrative News, p. 6235) (Emphasis added).

3. The federal law is directed toward "short-supply controls". According to the House Manager's Report, the managers insisted upon and prevailed in their position that the legislation in conference was for purposes of regulation and control, not for the purpose of trade expansion, and that the President continue to possess full authority to control exports for reasons of national security, foreign policy and short supply. (1969 U.S. Code Congressional and Administrative News, p. 2705 at 2717).

CONCLUSION:

The current level of log exports from Oregon has caused a shortfall -- an "excessive drain of scarce materials" having a "serious inflationary impact" upon the home construction/wood products sector within the meaning of the Export Administration Act of 1969 (as amended). If the Secretary of Commerce is not presently monitoring log exports, monitoring should be initiated.

The President has the power to prescribe rules and regulations for the curtailment of log exports from the Pacific Northwest.

THE WHITE HOUSE
WASHINGTON

November 19, 1977

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: TURNDOWN FOR MAJOR DISASTER
DECLARATION DUE TO STORM

THE WHITE HOUSE

WASHINGTON

November 18, 1977

Stu
J

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
LYNN DAFT

Stu

SUBJECT:

Recommended Turndown for Major
Disaster Declaration Due to Severe
Storm - New York

In the attached letter, Secretary Harris recommends that you turndown a request for major disaster assistance for the State of New York due to a severe storm. The Federal Disaster Assistance Administration (FDAA) assessment revealed that repair or restoration work is within the effective response capabilities of the State and local governments, that disaster loan assistance under SBA would be made available for businesses that sustained either major or minor damage, and that temporary housing assistance would not be required as both the City and the American National Red Cross can assist families in locating temporary housing.

This is a close call. Greg Schneiders feels the request should be granted because the dollar amount involved is greater in an absolute sense than for certain other requests, such as the Toccoa, Georgia disaster request. Also we have granted a rash of Southern disaster requests recently. Greg's memo is attached. However, we agree with HUD that the effects of this storm are within the response capabilities of the State and local governments.

THE WHITE HOUSE
WASHINGTON

C
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November 18, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*
BRUCE KIRSCHENBAUM *BK*

SUBJECT:

Disaster Request from New York

Besides the point raised by Greg (about the symbolic effect of approving four prior requests from southern states for less money) there is a major substantive reason why we recommend that you approve the request.

This request is from the State on behalf of the City of New York, and if denied, the City will have to expend \$3.7 million for repair to public facilities. The FDA recommendation that these costs are within the means of the City/State ignores this fact and more importantly ignores the severe fiscal restraints upon the City. New York City is facing a projected deficit of more than \$400 million next year. In fact, in order to save a mere \$20,000 in interest cost the City recently re-arranged its borrowing schedule for December under the Seasonal Financing Loan.

The money requested is for real repairs to water and sewer systems, damage to public transportation facilities and parks. Unlike the request during the blackout, this damage was a result of a natural disaster. The City's financial crises should be basis enough for approval of their request, and we so recommend.

In addition to New York's very substantive need for assistance in making damage repairs resulting from the flood, I think it is also extremely important not to underestimate the very great symbolic significance of a little federal help at this point.

THE WHITE HOUSE

WASHINGTON

November 18, 1977

MEMORANDUM FOR: The President
FROM: Greg Schneiders *Greg*
SUBJECT: New York State Disaster Request

We have received five requests for declarations as a result of flooding during the period of November 4 - 6. Four were from Southern states, including Georgia, and were granted. One is from New York. The damage in Tennessee to public and private property (agricultural damage figures are not available) is less than the public and private damage in New York as estimated by the respective Governors.

The number of homes damaged in Tennessee, Virginia and Georgia were fewer than in New York. The extent and the dollar amount of damage in Georgia, once it is known, will almost certainly be far less than in New York. Furthermore, it can be argued that New York, although it has the third largest budget of any political entity in the country, has less financial capability of handling extraordinary events than all but a few political entities.

For these reasons I believe we would be severely criticized if we turned down the New York request. I recommend that you declare a major disaster for New York.

671
THE WHITE HOUSE
WASHINGTON

November 19, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

CABINET REVIEWS AND AN ALTERNATIVE
PROPOSAL

THE WHITE HOUSE
WASHINGTON

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	STRAUSS
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THE WHITE HOUSE
WASHINGTON

November 17, 1977

PERSONAL & CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson
Jane Frank

SUBJECT: COMMENTS ON RICHARD HARDEN'S PROPOSAL FOR
CABINET REVIEWS AND AN ALTERNATIVE PROPOSAL

*Jack -
Some good ideas -
Let's try one (or two)
Cabinet mtgs with
just cabinet present.
(big table only)
JC*

I. COMMENTS ON RICHARD'S PROPOSAL

Although we agree that it would be extremely beneficial for you to have a year-end meeting with each Cabinet Secretary, we think that, for the following reasons, Richard's proposal is not the best way to go about it.

First, the idea of a "one way" evaluation or year-end "report card" on the Cabinet, especially one participated in by the White House staff, is not a good idea.

- (a) You don't need staff help in evaluating your Cabinet.
- (b) Such an approach would set entirely the wrong tone for a private dialogue between you and each of them and be counter-productive to a mutually fruitful exchange of ideas, perceptions and evaluations between you and each of them.
- (c) The "staff evaluation of the Cabinet" process (if not its content as well) would surely be reported in the press and would, I think, be an embarrassment both to you and to the Cabinet.

Second, Richard's suggestion that you ask for a 10 page report from each of the Cabinet members outlining their accomplishments and objectives is not necessary since you have already asked the Cabinet to help you formulate the Administration's agenda for next year, and since you already know, from their weekly reports, weekly Cabinet meetings and the constant flow of other memoranda to you, what their major activities have been and are.

II. GENERAL REFLECTIONS AND SUGGESTIONS

During the last eleven months, we have had almost daily contact with many Cabinet Secretaries, numerous chances for long and frank discussions with many of them about "how things are going," and opportunities to discuss with each other and other people in the White House how "Cabinet government" is working. In some ways, it is working very well. You have delegated virtually total authority to each Cabinet Secretary for the administration of his or her department, and that trust has not been abused.

On the other hand,

- personal relationships between certain Secretaries, and between some of them and you, are not as strong as they could be and need to be;
- some Cabinet members are being utilized too "one-dimensionally" and, as a result, are not being as fully utilized as they could be; and
- there is less genuine teamwork than there could be.

In some respects, the relationships are a bit too "polite" and too "stylized", and there is not enough real give and take.

We think it would be a good idea for you to take a little time to get to know your Cabinet better, individually; to let them get to know you better; and to start using them a bit more broadly.

Some Suggestions:

(1) We recommend that, between now and the first of the year, you schedule a private, unstructured informal meeting with each member of the Cabinet at which only you and the Cabinet Secretary would be present. Lunch or dinner at the White House would be nice, or, perhaps, lunch in the Secretary's office, or a visit at his or her home. This place has an inhibiting effect on people, and the more you could do to put the conversations on a personal level, the more productive they will be. There is absolutely no doubt in my mind that such an endeavor would pay rich dividends, both to you and to the Cabinet Secretaries.

(2) Sometime after the first of the year, perhaps after you return from your foreign trip, we recommend that you invite the entire Cabinet to Camp David or Sea Island for a weekend retreat. Again, the event would be unstructured and informal. Spouses could be invited. You would have a chance to spend "down time" with them and they with each other, in a relaxed and pleasant setting. It would be time well spent. You might use the occasion to discuss the highest priorities for next year's agenda. It would be a good way really to involve them in the process of setting next year's agenda and of hammering out the choices, priorities and timing of what we want to do as an Administration. It should not be assumed that a Cabinet Secretary will promote only his or her departmental interest; if they are asked to do more, they will do more. Doing something like this would really involve them as a team, giving you the benefit of their collective thinking, and them a sense of unity.

(3) I think it would be helpful for you to telephone the Cabinet to get their opinions and help on subjects not necessarily related to their departmental work schedule. They all have varied backgrounds and experience and a lot to offer on subjects outside the parameters of their respective jurisdictions. For example, consult with Brock on Congressional budget issues and hill politics in general. (As you know, he is widely respected on the hill and could serve not only as a good sounding board and "information getter," but also as an effective lobbyist on selected key issues, other than transportation.) Consult with Cy Vance on the business community and on major business issues, business confidence, etc. Consult with Joe Califano on Washington politics and people in general, etc. I think that their specific observations, advice and help on issues and with people could be very useful to you.

(4) You might consider experimenting with some different formats for the Cabinet meetings. You may have noticed that, two Cabinet meetings ago, there was a lively discussion involving several people around the table that centered on Mike Blumenthal's thoughtful comments on his foreign trip and economic policy in general. Zbig's comments at that same meeting on the Soviet Union also sparked some spirited reactions that meshed well into the earlier discussion on Mike's points.

That experience causes me to think that you might consider structuring a Cabinet meeting around one or two specific topics of genuine and immediate concern and see how it works. If appropriate, we could distribute a discussion paper before the meeting so that people would have time to reflect on the subject before the meeting. One or two of the Cabinet members would have the lead for the discussion, the purpose of which would be to increase and sharpen your and the Cabinet's understanding of a major relevant issue.

The way the Cabinet meeting is structured now, there is relatively little opportunity for "Cabinet discussion"; it is essentially an opportunity for each Cabinet Secretary to speak directly to you in the presence of the others. The meetings serve a useful purpose, but we might try some other approaches as well.

THE WHITE HOUSE
WASHINGTON

Mr. President:

Eizenstat and Jordan have
no comment.

Kraft notes that because of
the budget review and Cabi-
net appeals scheduled in
November and December, it
would only be possible to
schedule ½ hour meetings
or luncheon meetings on
this subject.

Watson's comments are attached.

Rick (wds)

THE WHITE HOUSE

WASHINGTON

November 9, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD HARDEN 

SUBJECT:

Presidential Management --
Evaluation of Cabinet Secretaries

During the past several months I have been working with senior staff members in developing management systems for operations. Periodically, I have a few ideas that involve you personally, and I thought in this instance I would pass them along. This memo involves the subject of evaluating the performance of the Cabinet Secretaries.

As you come to the end of your first year in office, I think it would be beneficial, both to you and the individual Cabinet Secretaries, to spend an hour or so with each of them reviewing their performance. To make the meetings meaningful, I would suggest you establish a process along the following lines:

1. Indicate at a Cabinet Meeting in the near future that you intend to have the sessions and ask each Cabinet Secretary to prepare a brief paper (no more than 10 pages) outlining his/her accomplishments over the past year and what he/she intends to work on next year. This activity could be coordinated by Jack Watson.
2. Ask senior members of the EOP staff to prepare a brief one page memo on each Cabinet Secretary outlining only those things they feel the Secretary has done well. This approach will permit these individuals to express their feelings without saying anything negative that might be leaked to the press. It would also convey that you want to emphasize the positive instead of nit-pick the negative. I would suggest that Hamilton coordinate this activity.
3. Ask Tim Kraft to schedule no more than three meetings a week and try to make them at a time when you can have at least one hour of uninterrupted discussion.

In my opinion there are several advantages to conducting such a series of discussions:

1. The Secretaries will appreciate having the opportunity to sit down with you to discuss what they have done this past year and what they hope to do this coming year.
2. It will provide you an opportunity to candidly discuss their performance and point out where you feel they can improve during the coming year.
3. Hopefully, it will encourage the Secretaries to conduct similar sessions with their key subordinates.
4. It will reinforce your statements that you intend to manage the government in a businesslike fashion.

Hope you find these thoughts helpful.

THE WHITE HOUSE

WASHINGTON

Date: November 9, 1977

*News from
JW*

MEMORANDUM

FOR ACTION:

Stu Eizenstat *nc by phone - source*
Jack Watson *re: system attached*
Tim Kraft *attached*
Hamilton Jordan *nc by phone*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Harden memo dated 11/9/77 re Presidential Management --
Evaluation of Cabinet Secretaries

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: November 11, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: November 9, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Jack Watson
Tim Kraft
Hamilton Jordan

FOR INFORMATION:

The Vice President

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ACTION REQUESTED:

☒ X Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

With budget review & cabinet appeal
for same in Nov. & Dec., 3 hours per
week are not available for this separate
proposal. - we would have more of a
chance with $\frac{1}{2}$ hr. mtgs. or luncheons -

TK

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE

WASHINGTON

November 9, 1977

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Hope you find these thoughts helpful.

THE PRESIDENT'S SCHEDULE

Sunday - November 20, 1977

9:50 Depart South Grounds via Motorcade en route
First Baptist Church.

10:00 Sunday School.

11:00 Morning Worship Service.